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A Public Debate

"CAPITALISM VS. SOCIALISM"

Professor EDWIN R. A. SELIGMAN
Columbia University

VS.

Professor SCOTT NEARING
Rand School of Social Science

INTRODUCTION BY
OSWALD GARRISON VILLARD
Editor "THE NATION"

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Berkeley, Calif.

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DEBATE *between*

Prof. E. R. A. SELIGMAN, *Affirmative*

Head of the Department of Economics, Columbia University

and

Prof. SCOTT NEARING, *Negative*

Rand School of Social Science

Oswald Garrison Villard,

Editor of "THE NATION"

Subject

Resolved: That Capitalism has more to offer to the workers of the United States than has Socialism.

LEXINGTON THEATRE
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OSWALD GARRISON VILLARD

INTRODUCTION

A DEBATE ON
CAPITALISM vs. SOCIALISM

It seems to me that the function of a chairman of this debate ought to partake of the character of a refereeship. I believe that you would be most pleased if I were to simply make the debaters come forward, shake hands and then fall to, I standing by with my watch in hand to take the time. In fact, ,I really cannot see why the Chairman should say anything on this occasion. But I suppose I was chosen for this sporting event because I am a middle-of-the-roader between the two. I am not a Socialist, and yet I am not one who believes that Socialists are wild beasts to be excluded from polite society and legislatures because we do not like their point of view on matters economic and social.

I grew up in the tradition of the Manchester school of *laissez faire* and I still believe that if human nature were what it ought to be, the doctrines of this school would be the ones to be followed. But I am open-minded enough to see that, whether we like Socialism or do not, the experiment is going to be tried in large sections of the earth. I was very much struck by the fact that when I returned from Europe, a few months after the armistice, there were few people whom I met who would believe that I had seen the Red Flag flying over as many public buildings as I saw others that did not have it. It seemed to make Americans very angry to tell them that their troops had been the decisive factor in creating 23 Socialist Republics in Germany alone, to say nothing of the other Central European Republics. When I returned I found New York City forbidding the hoisting or carrying of the Red Flag, and, as you know, there exists the greatest confusion in the minds of public

men and editors in America as to what constitutes Socialism. To most of our leader-writers there is no difference whatever between the Socialism of the Right, the Socialism of the Left, Bolshevism, Communism and Anarchism. They are all anathema to the American business man, who lumps them together. Hence, any such occasion as this is heartily to be welcomed, not only for its educational value but because it indicates a return to our habitual American policy of talking things out on their merits, fairly and openly. Lately, the idea has been to lynch the Socialist first and discuss matters with him afterwards.

We are having additional evidence of this intolerance of new ideas in the refusal of the American Legion in Kansas to allow the Nonpartisan League's organizers to talk to the farmers of that state about their proposals for the farmers' economic freedom. How inconsistent we are in these matters appears further from the fact that at the very moment that the Socialist Legislators were being thrown out of the Legislature at Albany the then Governor of the State, Alfred Smith, solemnly proposed no less than nine ultra-radical or Socialistic laws, including such things as the ownership, development and operation of all water powers by the state, maternity insurance, the municipal operation of all public utilities, the taking over of the medical and nursing professions to the extent of supplying doctors and nurses to rural communities now destitute of such aid, the declaration that production and distribution of milk are a public utility subject to the control of the State in all details, and State-owned and operated grain elevators in three cities, precisely after the manner of the Nonpartisan League plans in North Dakota. I have long thought that "Al" Smith was a wonderful man, but I do not know of anything in his career that is more wonderful than the fact that he got away with these proposals without even being denounced as a Socialist by the New York *Times*. Of course, he did not get what he asked, but the point is that if the Governor of North Dakota were to come out tomorrow and demand these things, the New York *Times* would shriek with anger and declare that Bolshevising of America was at hand. The so-called Socialistic experiments of North Dakota can be paralleled in most every state in one field or another, as for instance, in the

cotton warehouses in New Orleans and the grain elevators now being erected in New York State. While North Dakota's proposal to issue bonds for home-building has led to the rejection of their 6½ million bond issue by New York and Boston bankers, many eminent and conservative Senators are feeling that here in the East, the States, and even the Federal Government, will have to go into the housing business.

All of which, I think, proves my case that the Socialistic experiment in greater or less degree is going to be undertaken by the world. In the ardent hope that it may produce a better world than we have been living in, my plea today is, as I have said, not for Socialism, but for a careful examination of this and all other proposals for the betterment of the race which is so badly off, that, for all we know, civilization may not recover from the shock of this war. I am sure that I cannot define the position which the non-Socialist public ought to take towards this question better than by reading to you an extract from an editorial which appeared about ten years ago in the columns of the New York *Nation* from the pen of its gifted and noble-spirited editor of that day—the late Hammond Lamont. It is as follows:

"Convinced though we are that the reasoning of the socialists is fallacious, we incline to the belief that a socialist agitation may in the long run prove beneficial to this country. We were opposed to the free coinage of silver, and yet we are convinced that the two great political campaigns in which that subject was treated so fully in the press and on the platform were extremely valuable in their educational effect. Thousands, nay, millions, of men and women who had grown up without the slightest notion of economics in general and finance in particular, became fairly well versed in the topic; they were made more intelligent and better citizens; and in the end they sustained the principle of sound money. In like manner Socialism may be the means of widening intellectual horizons; it may lay before Americans a new view of some of the larger questions of life—far larger than the petty tenets of trades-unionism. It may set us to thinking; and the salvation of a republic depends upon the efforts of its citizens to think seriously about its affairs. For one thing, Socialism is eminently a peace movement; it is steadily opposed to militarism; and it will

thus help us to see more clearly the silliness of the huge naval and military expenditures in which we seem bound to rival the groaning nations of Europe. And as for other questions—we cannot believe that error will permanently prevail over truth. We are confident that individualism, in its main features, is the policy which has formed and which must preserve our institutions. But if we conservatives are mistaken, we cannot but welcome a discussion which shall open our eyes and set us right. Our attitude toward this topic, as towards any other which touches the vitals of our nation, must be that of readiness to defend our faith in open forum, to meet and conquer with reason."

PROFESSOR SELIGMAN

PRESENTATION

Mr. Chairman, Ladies and Gentlemen:

In beginning a debate of this magnitude, it is pertinent to inquire what the words mean. What do we really understand by capitalism and what by socialism? Unless we are clear about that, we are wandering in a maze of uncertainty. Now, by capitalism, I think we may understand that form of industrial organization where the means of production—and by that, I mean primarily under modern technological conditions the machine and the funds required to work the machine, are in the control of private individuals. The difficulty of defining Socialism is that while Capitalism is an institution, Socialism is only a theory, unless indeed we except the sporadic examples that we find in the middle of the 19th century in this country, and unless we also except the gigantic enterprise that is now being conducted by Soviet Russia. There are all manner of forms of Socialism and Socialistic theory. There is the Communistic Socialism. There is the Anarchistic Socialism. There is the State Socialism. There is the sentimental and scientific Socialism. And finally there is the Guild Socialism. What is worse, the Socialists themselves are by no means in agreement. The scientific Socialist, the Marxist, scorns the sentimental Socialist. The Marxian Socialism is supposed to be interpreted by the Menshevik Socialist, but the Menshevik is put by the Bolshevik Socialist in the ranks of the bourgeois. So that you have your choice of the different brands of Socialism as a theory. But as an organization, as an industrial form, all these various forms and kinds of Socialism are permeated by one common idea. That is, that the control of the methods of production, that the control of capital—for, of course, Socialists like everyone else concede the necessity of capital—that the control of capital shall be in the hands of the group and that there shall be no room for private rent, private interest, or private profits.

Having thus defined those two opposing ideas, the next point that I desire to make is that while there are all forms and kinds of capitalists, just as there are all kinds and manner of human beings, there are reactionary or stand-pat capitalists and forward-looking, progressive capitalists. While that is true, my contention is that there is only one form of capitalism and that is progressive capitalism. Every form of industrial organization is progressive. Slavery in the early centuries was

very different from slavery in the later centuries. Serfdom at the beginning was very different from serfdom at the end. Feudalism at the inception was quite contrary perhaps in many respects, to feudalism at the end. Capitalism is in the very earliest stages of its development and there are still huge portions of the World which have not yet entered upon capitalism, like parts of China, like Africa, like many other portions of the World. My contention, therefore, is that by capitalism we mean a progressive form of industrial society.

The next point I desire to make is that capitalism must not be misunderstood. Our debate relates to the welfare of the laborer under capitalism. Now, it depends not alone upon the direct results so far as the laborer is concerned, what he gets in the way of food and remuneration for his services, etc., but it depends also upon the indirect results. Therefore, the problem is not simply an analysis of the better distribution of wealth, but it is also the far more important problem of the production of wealth. We must consider the two forms of industrial organization from both these points of view.

And finally, before we proceed to come to close grips with the subject itself, let me call attention to the fact that while I do not intend to discuss the theories of Socialism nor the ideal frame-work of society as elaborated by Karl Marx, I do wish to point out that among his many fundamental doctrines, two at least and those most germane to our discussion are no longer upheld and maintained by many of the Socialists themselves. The ordinary Socialist will say to you that the rich are getting richer and the poor are getting poorer. That is simply putting into common language, the pauperization theory of society as outlined by Karl Marx. We all know however that the facts have given lie to this statement and while it is true that the rich have gotten richer, it is also true hat the poor are no longer so poor as they were. This has led no less important Socialists than Bernstein in Germany and Tugan Baronowsky in Russia to say, "Let us abandon that argument for Socialism." The other argument which is germane to our discussion is the cataclysm theory of society, the argument of Marx that owing to the accumulation of capital, crises occur every few years. that these crises and panics go from worse to worse until finally they become so overwhelming in their nature that a

catastrophic cataclysm of society will occur, and Socialism will come in. Marx wrote in the fifties and sixties, and indeed in the early period of capitalist society, it seemed as if his theory were being borne out by the facts. The panic of 1837 was worse than that of 1818; that of 1857 was still worse; that of 1873, the world-wide crisis, the worst of all. But, then, and for reasons that I shall mention, came a change. We had gotten over the top and in 1884 the panic was not quite so bad as in 1873 and in 1894 it was not so bad as it was in 1884, and in 1907 it was markedly less bad than in 1894 and today where we are again at the beginning of a period of depression and bad business and unemployment, we are no longer confronted by even the prospect of anything like that which happened in the 19th Century. And what is still more true, we find that where Socialism has been adopted as it has been adopted in Russia today, the lie again is given to the Marxian theory because the revolution has come not in a country where Capitalism has been most developed but in the country where Capitalism has been least developed.

Now, then, taking up the points in order, I want first to call attention to the achievements of Capitalism. We are now not discussing what might have been attained under other conditions but simply what has been attained. What are the actual facts and the achievements of Capitalism? I should sum them up as follows: first and foremost, I should say that we must recognize the accumulation of wealth irrespective of where it is and in whose hands it is—the cheapening of production and the accumulation of wealth—because it is undeniable that certain advantages from this accumulation of capital and wealth accrue to the worker. Take as an example the railway system of this country with its twenty billions of capital, which would have been impossible in any preceding order of society and consider its benefits in taking the laborer to and from his work every day; take the accumulation of wealth as typified in this city in our Public Libraries, in our Natural Museum of History, in our Museum of Art and in all the other things which make for the convenience and pleasure of life. None of these things would have been possible nor are they possible nor have they ever been possible in a state of society where there has not been an accumulation

of capital. For while civilization indeed has its spiritual and indubitable ethical and religious ends, there is no doubt that civilization as we know it, even on the spiritual side must needs be built up on a certain material basis and substructure. The accumulation of capital itself is an undoubted achievement.

In the second place, I should put the diversification of consumption. Compare the world today with what it was in all previous ages and consider what the laborer—even though he be the most poorly paid of all laborers—eats and what he wears and what he has with which to shelter himself. All of this is the result of the capitalist system. The bread which he eats comes from the wheat grown on the farms of North Dakota, and milled in the great mills of Minneapolis and brought here by the railway. The meat which he consumes comes from the Far West of this country or perhaps from the pampas of Argentine. The tea which his family occasionally drinks is brought from far off Cathay and the sugar with which he sweetens the cup comes from all parts of the world, from Cuba or the Far East. Even the tobacco with which he solaces his leisure hours may for all he knows come from Sumatra or from other portions of the Orient. And so it is with what he wears. His shoe is made of leather, tanned from the hides brought from the wilds of Siberia, the steppes of Russia or the plains of South America. The wool which makes his suit may come for all he knows from Australia and even the soap with which he occasionally washes himself (laughter) in all probability comes from the palm or the cocoa oil of Africa; while the trolley with which he goes to his work is built very largely of iron produced in the mills of Pittsburgh from the raw material from all parts of the West. This gigantic capitalist machine has rendered possible a diversification of consumption which has been unknown heretofore in the history of the World.

In the third place, capitalism is responsible for democracy. The democracy of classic antiquity was one based on sham, a pseudo-democracy resting upon slavery. The democracy even of our fore-fathers, when we declared our independence of England, was not a real democracy. It was an aristocracy. The policies of New Yorkers as late as 1800 at the time of Hamil-

ton and Burr were run by the great families precisely as in England, and it is false to claim as many have claimed that it is the frontier that has given us our democracy. We had a frontier in the 18th century and we had no democracy. England has no frontier in the British Isles today and has produced a democracy. What has brought about democracy is the industrial revolution or modern capitalism and that means a public opinion which has never existed before in the history of the World. As a result every workman, no matter how humble he be, today has democracy and enjoys a voice in influencing even to a small extent the management of the affairs of the State under which he lives.

In the fourth place, I should put as one of the achievements of capitalism, liberty of movement. In the middle ages, there was no liberty. The serf was bound to the soil and it is only since capitalism has developed that we have the modern liberty of movement, carrying with it as a result the liberty of production as well as the liberty of consumption.

And finally, to cap the climax, modern capitalism is responsible for education and for science. Never before in the history of the World have we had a form of public instruction comparable to our own. Weak though it be, defective though it be, sadly inadequate though it be, the amounts of money that are spent today in every modern capitalistic society for the public schools, for the education that goes down into the kindergarten and up into the State University is something that the World before has never known. And science also is a direct product of capitalism. There was indeed a certain form of science among the Greeks, among the Arabs, etc. But science, by which we mean the unlocking of the secrets of nature, is distinctly a modern product. It began only with the introduction of modern capitalism and it is most strongly developed and progressive in the home of modern capitalism. And you all see why that is—because the modern business man in order to succeed must know the secrets of nature. He must secure the proof and in order to get the proof he must employ and utilize those forms of organized investigation which we call science.

Now, ladies and gentlemen, those are great achievements. Never before in the several hundred thousands or millions of

years that man has been upon the Earth have such things been accomplished.

I do not deny indeed that there is a dark side as well and to that I now come to address myself for a few minutes. What are the weaknesses and the excrescences of capitalism? My point is that since capitalism is a progressive form of society, these weaknesses are remediable and these excrescences are being lopped off. What are those weaknesses? In the first place, we have unfair competition between businesses and human beings. But we all realize that this is gradually being done away with. A Jay Gould or Jim Fiske would be unthinkable in modern times; and even though in the railways we may still hear of the Rock Island or the Atchison or the New Haven and Hartford, we must remember that now for the first time in the history of our country, their forces are being harnessed up and that the Interstate Commerce Commission is now regulating the issue of securities which will render such things impossible in the future. What President Roosevelt did, among all his many accomplishments, was to so change certain forms of unfair competition as to make them more difficult. Society under modern capitalism, is gradually rendering competition more and more fair.

In the second place, we have as one of these sad results, the fact that unjust privileges still continue and that certain forms of integrated organization known as potential monopolies sometimes make their appearance. But we find also that as soon as those evils are recognized they are being counteracted and we have today in our trade commission and in many other forms of organization a powerful counter-agent which is gradually doing away with many forms of privilege.

In the third place, I should say that modern capitalism does result in exaggerated fortunes. The development of a leisure class has its bad sides at a time when everyone ought to be working. But what has society under modern capitalism done? A generation ago, I wrote a book on Progressive Taxation and I was attacked on all sides by the reactionary and the standpatter on the ground that I was preaching confiscation. Nowadays, everyone, the capitalist like the others, not only believes in, but argues for, progressive taxation. We have today gone further in this country than in any other—perhaps as some of

us think even too far—with a system that takes up to 69-73 per cent of a man's income and in some cases even more. Progressive taxation is a sign of what modern capitalism is doing to restrict some of its own evils.

Now, when you come to the laborer there are of course very great evils, but they also are gradually being overcome. Take the conditions of work and the hours of work. Many years ago, the reform movement was for twelve hours a day. I remember the ten hour day movement. Then there came the great fight for the eight hour day, and now some of our factory laws even permit only a six hour day in certain industries. Capitalism itself is gradually changing those conditions (hearty laughter)—capitalism is changing those conditions not because it likes to do it but because it is compelled to do it by the letting loose of those very forces which are implicit in modern forms of capitalism. As it is with the hours, so with the wages. Wages are by no means what they ought to be. Wages are certainly far less than they should be. But wages have been growing during the last hundred years indubitably, and starting in Australia, going on to England, and now proceeding in this country, we have the great minimum-wage movement which is gradually improving those conditions.

And finally we come to the two great indictments of our present system: first, the insecurity of employment for the workman—that very great evil which is being attacked and which is entirely susceptible of being eradicated by the application of the same principle that we have applied to accidents, that we have applied to many other evils, namely, the insurance principle. There is no reason why the workman should be made to bear as he does today, the burden of unemployment and of insecurity of tenure. (Applause.).

We have already today in the unemployment insurance law of England the faint beginnings of a movement which I am convinced will spread within the next three or four decades like wildfire throughout the World. The regularization of industry must be brought about by industry itself with the aid of the State and it is being brought about under modern methods.

And finally, the last point, the joylessness of life. That to a certain extent must continue under any form of industrial

government, as long as we have the machine. Machines will be needed under socialism as under capitalism. But the real joylessness of the machine tender can be diminished and can be partially done away with by giving him more of a participation in the industry itself, as we are gradually doing through what we call industrial democracy. By giving him more hours of leisure as we are gradually doing, we are giving him the time in which he can regain the joy which he loses in his work. The joylessness of industry is not so much the indictment of capitalism as it is the indictment of machinery. We must meet it and fight it and counter it wherever we can.

Now, ladies and gentlemen, in the few minutes that are left, I want to say a word to explain why, with all these reservations, I am not a Socialist. (Laughter). And I should put it in this way. In the first place, as regards the remuneration of labor, Socialism preaches equal pay. A bonus, Lenin told us, was something only for bourgeoise society. Equal pay means payment according to need. But unfortunately it is not payment according to need but rather according to efficient work that is really productive. Even in Russia today, they have been compelled as you all know to give up their original plans of payment according to need and they now have developed the bonus system to a point even unheard of in the United States.

In the second place, let us deal with the other side of it, the man at the top. If society has progressed at all events in some respects, it is due above all to the man who has been the leader—the leader in industry. Leaders are rare in industry. And while I am perfectly well aware of the new psychology which shows us the fallacy of the old economic man of Ricardo, it remains none the less true that the real impulses and tendencies of human nature, the desire for distinction, for self-expression, for mastery, that all these things after all center themselves in the effort to do a little better than one's neighbor. We may not believe as our great Emerson said that we are all as lazy as we dare to be, but it is true that the race-horse does best when he has a pace-maker and even we who sometimes play golf, don't play as well alone as when we play against a partner.

Now, ladies and gentlemen, under socialism, the possibilities of leadership would be restricted for two reasons:

Professor Edwin R. A. Seligman

first, you would not have the incentive that you have now and in the second place, the risk would be far more limited. Nowadays people who get to the top through the selective process do so because they are willing and able to take risks. Under any form of socialistic government, the risk could not, would not be taken because they could not afford to take it. These two points, the selective process of the modern competitive system and the restriction of the risk function in modern society are to my mind the chief indictments against Socialism. Then we come finally to the restriction of liberty. I need only allude to certain Socialists themselves who tell us what the other kinds of Socialism would do in restraining liberty. But of that point we shall speak later. At all events you see why I am not a Socialist. (Great and prolonged applause).

CHAIRMAN: Every American, whatever his economic beliefs, owes a debt of gratitude to the next speaker. He was one of those Americans who insisted even in war time upon that freedom of conscience and liberty to speak and write which are guaranteed by the Constitution of the United States. (Great applause). The foolish and blind law officers of a now utterly discredited administration sought to deprive him and us of the rights for which he stood and Mr. Scott Nearing went into the Court and unlike some others placed in the same position, abated not one jot from the position which he had taken. (Great applause). And with true intellectual heroism convinced a jury of American citizens that he was within his rights and this was still in some respects a free country. (Laughter). I have the pleasure of presenting Scott Nearing. (Prolonged applause).

PROFESSOR NEARING
PRESENTATION

Professor Seligman has given us what I consider two very satisfactory definitions of the issue before us this afternon. He has defined capitalism as that form of industrial organization where the means of production, primarily the machines, are in the control of private individuals. He has defined socialism as the control of capital in the hands of the group and under it there shall be no room for private rent, interest or profit. Beginning as he does with these two definitions, I reach a somewhat dissimilar conclusion. (Laughter). I do not see capitalism in so rosy a light as does Professor Seligman and I want to try to explain to you in the brief time that I have why not, and what the socialists propose to put in its place, and I want to explain them under three headings: first, the ownership of the machinery of production, second, the control arising out of such ownership, third the direction resulting from such control. And I want to try to demonstrate to you that under capitalism the worker has to accept, first, intermittent starvation, second, slavery and third, war. (Applause).

Professor Seligman says that capitalism is progressive. So are some diseases. (Hearty laughter and applause). Under the present system of society, a little group of people own resources, machines, capital, all of the machinery upon which forty million workers depend for their living. That is, the capitalist owns the job. The capitalist owns the job without which the worker dies of starvation. The worker therefore must go to the capitalist and ask for permission to work. To what extent has this ownership been concentrated in the United States? I wish that I could answer that intelligently, but the best that I can do is to cite you the 1918 income tax returns. In that year, 1918, you remember that prices were about what they are now. In that year, $200. a week was not a fortune by any means. $200. a week was not much wealth in 1918. But there were only 160,000 people in this whole United States who reported incomes of as much as $200. a week. That is, 14 persons in every thousand of the population, four persons for every thousand, gainfully employed, one family for every five hundred families in the land, with incomes of $10,000. a year, $200.00 a week. They tell us that Rome and Assyria and Babylon and those old countries reached a point of concentration where 1% of the people owned the wealth of the

Empires. I say to you in America, 1918, four in every thousand of those gainfully employed earned $200. a week. I wish I could give you the figures of ownership but I could not collect them. Senator Pettigrew in 1890 had the census take an estimate of wealth and since 1890 every census has specifically excluded any estimate of wealth ownership in the United States. Be that as it may, I need not stress the point. The facts speak for themselves. We have in America a little handful of people owning the railroads, the banks, manufactories, mining and other establishments and to them go tens of millions of men and women asking for jobs, for the right to make a living. But the master, the owner replies "in order to have a job, you must produce—produce something for yourself and something for me and the interest, dividends, profits, returns, for which I do not labor." Said Abraham Lincoln in 1858: " 'A slave society is one in which one class says to another class, you work and toil and earn bread and we will eat it'." These owners of American capital, these stock and bond holders say to the American worker "you work and toil and earn bread and we will eat it." How much do they get of the bread produced by the workers? Get a copy of Senate Document 259. You can't get a copy because they were not distributed. Get a copy of that document of profiteering and find out how much they made in 1917—hundreds, thousands of percent. of profit in a single year—in America, the richest of rich countries! In America, the center of the greatest empire on earth, we report 26% of our school children underfed in the schools. We reported that before the present economic unpleasantness began. (Applause and laughter). We reported that while we were still urging the worker to produce and while he was turning out not only enough for his own daily sustenance but in addition enough to provide the capitalist with a surplus and that surplus went to the front and we burned it in Europe and then the War was over and we burned a bit of it here at home and the burning got too expensive. The worker received less in wages than he had created in product. He could not buy back the volume that he had produced. The capitalist, the owner of the shop did not need to use what had been produced and given to him as surplus. He wanted to dispose of it. The War gave him a chance. Exports gave him some chance but then that chance was ended and the

capitalist said to the worker last April, last May, last June, the capitalist said to the worker, "There will be no more work." And in textiles, boots and shoes, automobiles and now later in steel and other industries, they are laying them off. I got a report from the New York State Industrial Commission this week: 643,000 men and women out of work in New York State. What have they done? Why, they cannot have work. But what have they done? Why, they have produced too much. They have created too great a surplus. They must wait to produce more until this surplus is consumed. Can they consume it? No! Because they did not receive enough wages to buy it back. (Applause). And so in this country today, three million people are out of work. You do not see these figures stated in the newspapers.

In the first six months of 1920, the average number of commercial failures per month was 500; in July 598; August 633; September 661; October 802; November 892; December 1,854; the first three weeks of January 1,482, and so the number mounts. Professor Seligman has already referred to this. I have a book here called "A History of Panics in the United States" written by a Frenchman, translated by an American business man, and this book gives a record of the panics that we have had under capitalism: '1814, 1818, 1826, 1837, 1848, 1857, 1864, 1873, 1884, 1893, 1897, 1903, 1907, 1913"—and 1921 (laughter). That book contains one of the most damning indictments that has ever been written on capitalism. "Capitalism," says the author, "consists of three phases: prosperity, panic and liquidation." (Laughter). Prosperity is the period when the dinner pail is full and the hopes are high, when the little man drops his tools and leaves his bench, borrows his capital, buys a machine and goes into business. Panic is the period when the little fellows get the tools and the machines shaken out of their hands and start back for the bench and liquidation is the period when the big fellows pick up what is around loose, put it in their pockets and go off richer than they were before. (Hearty laughter and applause). "Progressive" says Seligman. I say "No! Successive." And as long as capitalism lasts, so long will men and women by the millions walk the streets looking for work and so long will their gas bills be paid and their children starve—successive starvation, successive periods of physical misery and death

from lack of physical means in the center of the greatest wealth that the world knows. That is what capitalism has to offer the world. (Applause).

What do we Socialists want? Why, we want to own these things ourselves. (Laughter). As we own the Harbor of New York, so we want to own the coal mines, the railroads, the factories in order that no surplus may be produced, in order that the value of product shall be represented by the value paid to a consumer. (Applause). So that he who creates can buy back the value that he creates. (Applause). Quite simple and quite inevitable in the long run.

But I don't stress that point. It is not essential. It is my second point about which I wish to talk—about slavery. "Whenever a man says to another man, 'You go and work and earn bread and I will eat it,' said Lincoln, "it is slavery." That is capitalism and that is my chief charge against capitalism and that is the thing that we Socialists set up as our highest hope in Socialism, not that it will give us more bread, but that it will give us steadier bread, more regular bread, more bread, and not that we will get more to eat out of Socialism but that we will get more liberty. That is where we place our hope and I want to explain the contrast because it is fundamental. The United States I said was owned by capitalists—worse than that owned by capitalist corporations, owned impersonally, not by individuals who have made their pile and bought their machinery—owned by Trusts, owned by great organizations with their stocks and their bonds and their big business mechanisms. I wish I had time to read you this last report of the National City Bank to show you how that ownership works out. Here is a list of the Board of Directors. This is the biggest bank in North America. Here is a list of Board of Directors: Percy A. Rockefeller, William Rockefeller, J. Ogden Armour, Nicholas F. Brady of the New York Edison Company, Cleveland H. Dodge, Philip A. S. Franklin, etc. What is the National City Bank? Why, it is the center of a great web of economic power. Here is the report issued by the Pujo Committee. At the center of the spider's web, they put a great banking concern, J. P. Morgan & Company and around that banking concern, they group railroads, public utilities, industries, mines and other forms of industrial en-

terprise. At the center of the power lies the strength and the weakness of the system, lies the banker. I have not time to dwell on that further than to call your attention to this fact that the Federal Reserve System with its 30,000 banks and its Board of Directors, sitting in one place around the table, has more power than any single Institution on the face of the civilized earth, and that Federal Reserve System is in private hands. It is privately owned practically. It is under government supervision, yes, but the Federal Reserve System is the nerve center, the center of authority, the center of power and what are they going to do with this control that they exercise through their banking machine? I want to read you a paragraph from a weekly letter sent by one business house to its clients. "The War taught employing classes in America the secret and power of wide-spread propaganda. Now, when we have anything to sell to the American people, we know how to sell it. We have learned. We have the schools, we have the pulpit." The employing class owns the Press, the economic power centering in the banks, schools, pulpit, press, movie screen, all the power of wide-spread propaganda now. "When we have something to sell to the American people, we know how to sell it." Slavery—going to the boss and asking for the privilege of a job;—slavery—sending your child to school and having him pumped full of virulent propaganda in favor of the present system (Great applause). Slavery in every phase of life all tied up under this one banker's control. Is it true that no man is good enough to rule another man without that man's consent? Is that still true in America or in the world? If that be true, every worker in the shop shall have the right to say who shall exercise authority over him in the shop. Every worker in an industry has the right to pick these or help these members as Board of Directors. Do you suppose the workers in the National City Bank elected William Rockefeller and Percy Rockefeller and J. Ogden Armour? (Laughter). In the United States, a worker goes to work on a machine owned by the boss. He works on materials owned by the boss. He turns out a product owned by the boss. He lives in a country where the organized power of the boss concentrated in the banking system is supreme over every phase of life. He is a slave—industrial slave—because he cannot call one economic right his own and we Socialists want to have industry not only

owned by those who participate in it but we want to have those who participate in industry direct the industry in which they participate. Industrial self-control, self-government in industry as Mr. Cole has put it—that is all—simple ideas—ownership by the worker of his own job, the control by a man of his own economic life.

And third, I spoke about the direction of industry. I read you the report of the last annual meeting of the United States Steel Corporation. At this meeting, according to the New York *Times,* here was voted two million and one-quarter shares of common and one and one-half million shares of preferred stock. Stockholders who attended the meeting represented 340 shares of preferred and 4,000 shares of common and the rest were voted by proxy—so many million shares on this side, so many million shares on this side, and the policy of the United States Steel Corporation is formed and unionism is crushed out and this or that line of industrial policy is pursued by a little handful of men and women who have nothing better to do with their leisure time than to go and sit through a meeting of the United States Steel Corporation stockholders—that is the biggest corporation in America—direction not only by absentee ownership but direction by little cliques of lawyers holding proxies in their hands, by executives of great industries speaking in the name of stockholders. And what did they do? Last year, in the United States, that is in 1919, they floated twelve thousand millions of new capital stock and bonds; 1920 they floated fourteen thousand millions of new capital stocks and bonds. Did you have any say in that? Does the worker speak when it is decided to put these twenty-five billions into new capital under circumstances when it is almost certain that it cannot function? Did the workers speak? No, it was done by voting shares. They go out into Thrace. They support General Wrangel. They go down into Mexico. They follow into Hayti. And then what happens? Other stockholders in other countries, Royal Dutch Shell Stockholders, British Stockholders, voting policy against Standard Oil; Standard Oil Stockholders if they ever vote, voting policy against Royal Dutch Shell; and you hear the echoes of the conflict over the markets of France and you hear the echoes of their conflict for the rights in Central Europe. What is going to be the result? When will it be necessary to put the war paint on the

battleships? When will it be necessary again to call out the batallions and send them? In 1914 Great Britain had a highway to the sea. Germany wanted it. A pistol shot sounds in Central Europe and ten million men go to their graves to decide that Great Britain shall hold Bagdad and that Germany shall pay what she can. (Applause.).

In 1914, there was not a Socialist State in Europe—capitalist Germany, capitalist France, capitalist Russia, capitalist Italy, capitalist Britain—all the great group of capitalist Empires grabbing the world to rob it and fighting one another to the death to determine who should have the right to do the plundering. They produced a surplus as I said. They could not spend it at home. They took it abroad and in the course of taking it abroad they had to make War—capitalist War—and working men went and fought and died in that capitalistic war which they told us through their propaganda machinery was a War for democracy. (Applause). What does the worker want? Why he wants to keep the strings of economic life himself. Capitalism offers him intermittent starvation, industrial slavery, recurring War. Socialism offers him subsistence, economic self-government, a basis for peace.

And I would like to ask Professor Seligman if he and I were miners up in Panther Creek, in the Philadelphia Reading Coal and Iron Company, whether he would be an ardent supporter of the present economic system. (Great applause). And I want to ask him this further question, whether under those circumstances, he would put any obstacle in the way of the coming of some such system as I have described to you. (Great and prolonged applause).

CHAIRMAN: Professor Seligman now has 20 minutes for rebuttal. (Great applause).

PROFESSOR SELIGMAN

REBUTTAL

If I were the coal miner in Pennsylvania, I think that was the miner that was mentioned, I should say that the answer had already been given by Mr. Nearing. (Laughter). Mr. Nearing said that he wanted Socialism in order that no surplus shall be produced. That is my objection to Socialism. (Applause). The World has progressed in civilization only because every generation did not consume all that it produced, but that it laid by a surplus. (Applause). Under Socialism, ladies and gentlemen, not alone will no surplus be laid by but from my point of view, the conditions of production will be so far inferior that even the amount available for consumption on the part of the laborer will be less than it is today. If I were therefore an intelligent coal miner, I would say I should rather live in the coal mines of Pennsylvania with a chance at all events once in a while of getting something to eat rather than to live under a condition let us say like that of China today, where without capitalism, starvation is not alone intermittent but almost continuous. (Laughter).

Now, the second point; we have heard the old story retold to us that life is impossible for the working man because the capitalist owns the job and does not need the working man. How long would the shareholders of the United States Steel Corporation if that were all they had to live on—how long would they continue to enjoy their luxuries if the workmen all stopped work permanently? (Applause). Does the workman need the job giver any more than the job giver needs the workman? And my point is where you have those conditions under which leadership can develop to create new jobs, the workman will be far better off than where he has control alone of his own job. (Slight applause). Don't mistake me. One point in which Mr. Nearing did not meet me at all, but which I trust he will meet in his rebuttal is this: that while we may be entirely favorable to the aspirations and the hopes and the desires of the great mass of the working population, he must prove that forces are not at work under capitalism which will meet and realize those hopes and those aspirations. Now, Mr. Nearing says, "I put my chief argument on the score of liberty." Let us see what we can make of that. We have at the present time a form of socialism in operation, the only

realization of a practical socialism on a large scale with which the world has ever been confronted. How does the workman fare there with liberty? By chance, I happen to have in my possession a reprint of some of the official documents and statements issued during the last few months in Russia and I shall take up part of my time by reading how it stands with liberty under socialism. First, I have the resolution of the Petrograd government printing office workers of two months ago. "Our work day lasts twelve hours. We are compelled to work in two shifts in the paper department of our factory and we have to work both Saturdays and Sundays. No exception is made with regard to women; since August 15th, overtime work has become compulsory."

There you have liberty. (Laughter and applause). In the second place, I have extracts from *The Metallurgist*, an organ of the metallurgical workers. "At our factory, absolute submission to the administration of the plant has been established. No arguments or interference with its orders on the part of the workers are tolerated. At our factory, failure to report for work without permission is punishable by forfeiture of extra food. The same punishment is meted out for refusal to do compulsory overtime work. For being late on the job, two days food are deducted." And here comes the resolution of all the Petrograd workers on September 5th, as a result of the liberty of Socialism: "We feel as if we were hard labor convicts where everything has been subject to iron rules. We have become lost as human beings and have been turned into slaves." There is your socialistic liberty. (Great applause). And how does socialism deal with the strike? Let me read you the report of the decision of the Commissar of the special commission at the railway works. "All active strikers shall be turned over to the Extraordinary Commission for the purpose of sending them to forced labor." And what does the commission do? Here is the report. "The strike at our works ended, thanks to numerous arrests among the strikers. Concerning the fate of twelve of our workers, we have no news. The Extraordinary Commission refuses all information about them. As far as we can learn they have been shot." There is liberty under socialism .

And finally, the last extract that I shall read to you is the report of the President of the Petrograd Commune to a delegation from the workers of a certain city who complained of being starved and not getting enough to eat. "Yes, we do admit," he says, "that the food allowance is insufficient, but at the same time we also know full well—this has been taught by real life—that as long as the worker or plain citizen is busy obtaining food he takes no interest in politics. Just give the workingman enough to eat today and you will hear him cry tomorrow for civic liberties. Our object," says the socialistic government "is to keep the workers just from dying; and that is what we are doing." (Applause). What is the use of prating about these beautiful ideals, the fabric of the imagination? As soon as you get socialism into practice and mind you, Messrs. Lenin and Trotzky would be very wroth if you accused them of being anything else but socialists—as soon as you get socialism into practice, you get the very same results that you will get whenever a body of determined, and intolerant men attempt to realize their misguided ideal. Now then, I think I have disposed of liberty under Socialism to my satisfaction at least (laughter)—mind you, furthermore what I have read is borne out by the socialist writers themselves. Take Mr. Cole who has just been mentioned; To quote from one of his works, he says that "State socialism is a bureaucratic and prussianizing movement. His substitute is the milk-and-water guild socialism which has made little progress even among our parlor socialists in this country. It scarcely deserves a refutation because it is bound to be so inefficient, bound as even its latest advocates tell us, to result in all sorts of competition between the Guilds and bound to result in this very absurd state of affairs where you will have an Industrial Parliament and State and then some super-monstrosity on top of it. It scarcely deserves the discussion of intelligent people The real socialism with which we have to cope is the socialism of which Mr. Nearing speaks, the socialism of Lenin, the socialism of Trotsky, the socialism of those who start out with beautiful ideals and who are compelled by the grim facts of everyday life to seek to do away with starvation through tyranny.

Now, ladies and gentlemen, another point to which Mr. Nearing did not reply, is the progresive character, not of the disease but of the remuneration to the workers. Mr. Nearing himself is responsible for a book on wages and from the same statistics which he utilizes, another writer, Professor King, has constructed a book which sums up the matter very much better perhaps than in almost any other production. (Laughter).

In 1850 the average wages were $204. In 1910, the average wage—mind you, the average wage of the average workman, taking the low and high altogether, had gone up to $507. Allowing for the difference in the purchasing power of money, wages had risen from 1850, $147 up to 1910, $401. Now, gentlemen, I ask Mr. Nearing whether he denies these facts, and if not, how he explains that there is not a progressive tendency in capitalism. (Laughter).

Now, let us come to another point that he makes. He said that a great deal is gotten by individuals for which they do not labor. All that is produced by the worker, practically all is filched from him by the recipient of profits and interest. Now, ladies and gentlemen, I think many of you know of some of the things that have been accomplished in this country. When Mr. James J. Hill, the great Empire builder, built one of the trans-continental railroads which have brought about the cheapening of products and the diversification of consumption of which I spoke, did he not contribute to production? When Mr. McCormick invented and finally utilized the reaper and the thresher and the mower, which have revolutionized the work of the farmer and the whole life of the community and built up a fortune, did he not contribute to production? When Mr. Westinghouse invented the air brake and finally reaped a fortune by utilizing it in the uttermost parts of the world, did he not contribute to production? And when our friend Mr. Ford with whose general philosophy perhaps I am not in entire accord, (laughter) when he brought down the price of automobiles, the automobiles that are used by the workmen all over this country in going to and from their daily work (hearty laughter)— I passed by a factory the other day and found that there were 550 automobiles. They did not happen to be all Ford auto-

mobiles— and I stepped in and said: "To whom do they belong?" And I was told: "Each one of these belongs to a workman in this factory. They come every morning and go back every evening." Now then, could those fortunate workmen say that Mr. Ford has been able to heap up his millions by simply taking them, filching them, stealing them, from the men in his employ? Ladies and gentlemen, there we come to the real inwardness of the whole situation. I do not deny that there is theft. I do not deny that there is robbery. I do not deny that there are bad people as well as good people, but I do say that the essence of the capitalist system today, that the essence of profits today, of legitimate profits is not theft, but service and that people in the long run cannot under modern conditions, in the long run and under normal conditions make great profits unless they really do service for the community. The distinction that is sought to be made by the socialist that the private capitalist is a thief and that the socialist community alone gives service flies in the face of all the progress that has been made during the last few decades. And finally we come to Mr. Nearing's reference to War. I do not deny that War has been due to all manner of causes. We have had dynastic wars. We have had personal wars. We have had religious wars. We have had trade wars. We have had capitalistic wars. But that is no reason for ascribing all wars to capitalism or for saying that if we were to have socialism, war would come to an end. And moreover, so far as capitalism is concerned, mark again these progressive symptoms and manifestations. We are a capitalistic nation. What have we done with Cuba? What have we done with the Philippines? (Laughter). What we have done is to educate them, to develop their economic resources, to put them in the position where they are almost ready, and will soon be entirely ready for self-government. (Laughter). I maintain that a capitalistic community which is able to say that it can deal with its colonies, in the spirit of what I call progressiveness, that such a community is not entirely destitute of hope.

And now finally, I want to ask Mr. Nearing two questions: first, if he is a socialist, does he believe in Lenin and Trotsky (Laughter), and second, if he believes in Lenin and Trotsky does he think that the kind of liberty that is given under that

socialism is symptomatic of socialism in general? (Prolonged applause).

THE CHAIRMAN: Mr. Nearing has twenty minutes for rebuttal (Applause).

Professor Scott Nearing

PROFESSOR NEARING

REBUTTAL

"Is there any," says Professor Seligman, "progressive tendency in capitalism?" Yes, I think so. I think he has a little overdone it in assuming all of the virtues of the industrial revolution as the sole right and sole property of capitalism. All of the advantages of the machine will not accrue solely to capitalism. He told you that wages had risen since 1840 I think, production has increased, locomotives have been brought in, incandescent lights have been put up—all of these things during the capitalist era. Would they have been done if there had been no capitalism? I cannot answer that. But I want to assure you that these same railroads and these same incandescent lights will be installed all over Europe, all over Asia and Africa, before we get through with it, whether under capitalism or under socialism. The product of the machine is a heritage of the race now; and not a peculiar product of capitalism; nor can it be claimed today by any particular social scheme.

Do I regard capitalism as progressive? Yes. We have had progressive panics—I call them successive panics—ever since 1814, and I defy Professor Seligman to show that under the capitalist method of one man owning the job, another man working it, and the job owner getting a part of the product of the worker in the form of a surplus—I defy Professor Seligman to show you under those circumstances there will not be successive panics. That is, under capitalism intermittent starvation will be the lot of the worker, and tinkering with the capitalist system will not stop it (Applause). Under capitalism industrial slavery is progressive. In the early days of capitalism any man could get a job by going out to the frontier and taking a farm. The frontier is gone. Capital is required in large quantities. If you want to open a successful business, it needs tens or hundreds of thousands of dollars. Only a few can start in business. Most of us must remain workers. The old factory was a little two-by-four concern. The modern factory employs you with a thousand or five thousand others. It locks you in a great city. It shoots you back and forth, not in Ford cars, but in subways, elevators, and other similar means of transportation (Laughter and Applause). You have become a part of a mechanism that is growing continually harder more set, more firmly established, where the chance to rise out of the ranks of the workers is diminishing. That is progressive

also. There is no doubt that capitalism is progressive, and, as I said at the beginning, that industrial slavery is progressing faster than anything else. Among other things, thirty-five states have now established peace-time espionage acts.

Then there is another thing that is progressive under capitalism. I refer to war. I have a little article here called "An Economic Interpretation of the War," written by Professor Seligman (Laughter). He found an author on "Wages" that did better than I did, but I have not found anybody on the War that has been better than Professor Seligman (Hearty laughter and applause). So I am going to quote what he has to say (Laughter).

"While economic considerations indeed do not by any means explain all national rivalry, they often illumine the dark recesses of history and afford on the whole the most weighty and satisfactory interpretation of modern national contests which are not clearly referable to purely racial antagonisms alone."

And then he goes ahead to develop the idea of the struggle for trade, the idea of the struggle for markets, progressing up through the various stages of modern industrial society.

"The most important phase of modern industrial capitalism still remains to be explained. After national industry has been built up through a period of protection, and after the developed industrial countries have replaced the export of raw material by the export of manufactured commodities, there comes a time when the accumulation of industrial and commercial profits is such that a more lucrative use of the surplus can be made abroad in the less developed countries than at home with the lower rates usually found in an older industrial system. In other words, the emphasis is now transferred from the export of goods to the export of capital."

That, says Professor Seligman, was the stage of Britain before this war. Germany had just reached that stage. With what result?

"To say, then, that either Great Britain or Germany is responsible for the present war, seems to involve a curiously short-sighted view of the situation. Both countries, nay, all the countries of the world, are subject to the sweep of these mighty forces over which they have but slight control, and by which they are one and all pushed on with an inevitable fatality."

The war is over. Germany is gone. But Japan and Great Britain and the United States each have tens of billions of surplus accumulation capital that must be exported, and those great forces that swept Europe into the catastrophe of 1914, as Professor Seligman says, are now sweeping Japan, Great Britain and the United States into even a greater disaster—those same progressive forces of capitalism (Applause). Yes, it is progressive. It goes right on building up intermittent starvation, industrial slavery, war. They are in the system and they are part of it.

There is also a progressive tendency in socialism. I spent last summer in Europe. It is like going from—well, shall I say it is like going in summer time from a hot basement room into a refrigerating plant. You get a breath that makes you stand up and feel almost at home again. All over Europe is growing the spirit of solidarity among the workers. Why last summer when they tried to make a war between Russia on the one hand, and England and France on the other, the workers of France organized—ex-soldiers, socialists, labor unionists, all got together with the slogan, "Not a man, not a sou, not a shell for imperial Poland against working class Russia." (Great applause). In Great Britain seven million men appointed a Council of Action, and they said to the British Cabinet, "If you inaugurate a war with Soviet Russia within twenty-four hours, every wheel of every basic industry on the British Isles will stop turning (Applause)—solidarity growing all over Europe. The miners met, the transportation workers met, the metal workers met, the railway workers met during this crisis last August, and one and all passed resolutions declaring that if they tried to make a war on Russia they would not transport, they would not manufacture, they would not ship, they would not handle war products of any kind—solidarity growing, the sense of solidarity everywhere. Even here in the United States it is growing. It cannot show its head now and then, but it is growing everywhere among the working people (Applause). The Russian revolution came in 1917, came almost out of a clear sky, came because the old system in Russia had broken down under three years of war, and the Russian workers, ill-prepared, without technical experience, lacking transportation, unequipped with machinery—the Russian workers undertook to set up a new social order.

The old order had been the order of the Czar. The new order was based on this section of their Constitution—"He that will not work, neither shall he eat"—a phrase that runs back at least two thousand years. That is the idea they set out on, that the workers should be the basis of this new order of society. In the Russia of the Czars the basis of power had been the loafers, the professional aristocrats. In the new society, said the Constitution of the Soviets, "He that will not work, neither shall he eat nor vote." That was the new order they tried to set up. Well, what happened? They made a sanitary cordon about Russia. They inaugurated a blockade. Japan, France and the United States sent in their armies and they made war on Russia. We sent in our army to save the Russian people from the Bolsheviki (Laughter). Our soldiers were not cordially received. Neither were the other allied troops. That fell down, and it fell down because the soldiers of allied Europe would not go there to fight. And then we tried another stunt. There was Yudenich, there was Deniken, there was Kolchak, and there were all these other adventurers making civil war. And we gave them money, supplies, munitions, furnished them with equipment, and said, "Go to it, boys. Stir up as much trouble as you can." And that did not work.. They have just gotten rid of Mr. Wrangel over in Russia. And then we financed all the little countries. Why, last summer French officers were directing the Polish army, and the New York *Times* published a picture of a brigade of Polish soldiers equipped with American, British and French uniforms and equipment. For three years we denied them medicine. For three years we denied them food. For three years we starved their women and children while we supported insurrection at home and made war on them abroad—for three years after they had already had three years of war! And now Professor Seligman wants to know whether that is a fair example of what socialism can do. (Thunderous and prolonged applause).

Professor Seligman wants to know what I think of Lenin and Trotsky. Now I will tell him if I can (Laughter), and in a word. I think that when the history of this period comes to be written that there is not a man nor a woman in this hall this afternoon whose name will stand that high (indicating) with the names of Lenin and Trotsky in this period (Great

applause). There are not two braver men in the world today, men who have stood up in the face of great opposition and steadily have worked for the end in which they believe. Do I agree with their theories? With some of them I agree, and with some of them I don't. You could not agree with both Lenin and Trotsky because they don't agree with one another (Laughter and applause). But just as I regard the Russian revolution as the greatest event in history since 1676, just as I regard it as the epoch-making event, the dividing line between capitalism and socialism, so I regard these two men as two of those whose names will go down as having played mighty roles in that page—the great page of our modern history.

I'd like to tell you something further. I said that socialism was progressive as well as capitalism. Now you think over here because of what you read in the New York *Times* that the Russian revolution is not very popular perhaps in Europe. I want to tell you that you cannot go in Europe today even in the mercenary little countries built up around Russia by the treaty, you cannot go in and raise a real respectable army of working men to fight against Russia (Applause) because now —I have only two more minutes—because the workers of Europe believe in Russia (Applause). The workers of Italy have started to make their revolution. The workers all over central Europe have started to make their revolution. There is not a country of any considerable size in Europe where the workers are not today busy preparing the foundations of the new socialist state.

Is Russian liberty, says Professor Seligman symptomatic of liberty in general? No. Civil war, blockades, all of the horrors that we have added to their period of transformation, all of those things are non-symptomatic of socialism in general. But in Russia they have taken over the resources, they have taken over transportation, machinery, they have taken over the factories, the community owns the means of its own livelihood. And they have appointed a Supreme Council of National Economy, and they are going to organize the nation as an economic unit on economic lines. It is the first time in history that it has ever been attempted. If it does not succeed in Russia it will succeed somewhere else, maybe here, because that is

symptomatic of socialism—the application of modern organized intelligence to the problem of getting a living. Prolonged applause).

THE CHAIRMAN: Ladies and Gentlemen: This is the third and last round (Laughter). Professor Seligman leads off.

PROFESSOR SELIGMAN

SUMMARY

Mr. Nearing tells us that Messrs. Lenin and Trotsky have been true to the old adage—"He who shall not work, neither shall he eat"—a noble sentiment. My interpretation of what Messrs. Lenin and Trotsky are doing would be this—"he who shall work or not, he shall not eat" (Slight applause). That is what is happening in Russia today and it is not due to the blockade, it is not due simply to the results of the war, because the conditions are getting worse and worse, because Russia has been able to live on the results of the past accumulation of capitalism. Socialism is bringing about a situation, the most horrible, the most frightful, the most hideous that the world has ever seen—the disappearance of culture, the disappearance of cities, the disappearance of civilization, and the rapid progression of universal starvation among the workers themselves. That is socialism in practice.

Now, ladies and gentlemen, in the few minutes that are left I want to make the point that my respected antagonist has not met the arguments, weak arguments though they be, which I have attempted to put forward. He has not shown that the capitalist and the recipient of private interest, rent and profits —he has not shown that such a man does not contribute and contribute largely to the result, and that his disappearance will mean a diminution of production and, therefore, an increase of misery. He has not disproved in the second place, the point that I made at the beginning, that ever since 1873 our panics and what he calls the intermittent starvation have become less and less owing to the integration and development of capitalism itself. He must meet that point in order to win his case as an argument. In the third place, he has not shown that all the beautiful results, desirable as they are, which he thinks can alone be achieved by socialism, cannot be accomplished under what I would call progressive capitalism.

My program of social reform is this. I will put it shortly under these seven heads, and not one of them needs socialism: equality of opportunity through increase of education and the disappearance of unjust privileges; second, the raising of the level of competition by law and public opinion; third, increasing the participation in industry through what is called industrial democracy and what is rapidly going on under representative government today; fourth, diminution of the in-

stability of employment through the application of the principle of insurance which we have already applied to accidents and which we are beginning to apply elsewhere; fifth, conservation of national resources in order to prevent the waste which is responsible for much of the present-day trouble; sixth, social control of potential monopoly which has been proceeding apace and which has even reached unheard of lengths in some modern countries; finally the resumption for the community of swollen and unduly large fortunes through the use of taxation which must go, however, only to that point of not stifling and killing the spirit of enterprise which socialism would bring about (Applause).

Now, ladies and gentlemen, every one of these points is what I call a mark of progressive capitalism and not one of them needs socialism. Socialism is a beautiful theory, although the theorists are fighting among each other, as they did yesterday in France and the day before in Italy. Lenin and Trotsky don't agree with each other and few other socialists would agree with either. But the practical point is that when socialism is put into operation it liberates certain forces which automatically reduce the production of wealth and which when pushed to their utmost extreme, will gradually undo the chief work that civilization has accomplished. I maintain, ladies and gentlemen, that socialism is not practicable because it misconceives the real nature of human beings, that it is not desirable because it will ultimately land us in a tyranny, or if it be not a tyranny then in an unspeakable inefficiency. And I maintain that socialism is not inevitable because it is based upon a misunderstanding of the real forces, the ultmate forces, the progressive forces that are at work under capitalism. Let us not forget, ladies and gentlemen, that our modern civilization, imperfect though it be, has been the result of a piecemeal and laborious upbuilding, and that it is not the mark of either wisdom or statesmanship to think that it can be rebuilt at once. Let us not throw away the fruits of all modern achievements and take a leap in the dark which may land us in the abyss of impotence. I claim, ladies and gentlemen, that what we need is the patience, the wise and large patience that is born of long experience and of ripe wisdom. We must remember that nothing in the world has ever been built up simply by bitterness and by negation, and that if we create anything at all we must build not on the shift-

ing sands of an unreal and untrue psychology of human nature, but that we must build on the solid foundation of actual fact. It is much easier to promise a new heaven and a new earth than to set resolutely to work and improve that little bit of our earth which is nearest to us. We do indeed, ladies and gentlemen, need idealism. But we want an idealism that is tempered with moderation and that is transfused with practicability. If we are idealists in this sense, then, and then alone I claim we can look forward to a future of industrial society which will preserve the old, while gaining the new, and which will show that it is pregnant with the seeds of real progress, ever renewing itself and ultimately achieving the much desired harmony and social justice (Great applause).

THE CHAIRMAN: Mr. Nearing has the last word (Applause).

There is one point of fact that I should like to clear up, if I can, and that is about the intensity of panics. In the panic of 1873: the largest number of failures in 1873 was 5,183 failures; 1893: the largest number of failures in 1893 was 15,242, or three times the number for 1873. We come on down to the next great panic, 1913, when the total number of commercial failures was 22,156, or 50% more than those of the preceding panic.

(A LADY: How about the proportions?)

PROF. NEARING: Yes, there is something in that. You would compare that with the population and the total volume of business.

Now, I want to speak another word of fact. Professor Seligman says that the situation in Russia is bad. Yes, I'd like to read him a sentence or two from the January letter of the National City Bank, the largest in the Americas:

"The second year following the Armistice did not bring the degree of industrial recovery and social recuperation among the peoples of Europe which had been hoped for. Conditions over the greater part of the continent are still in great confusion, and over much of it even more distressing than a year ago."

"Poland. The industrial and financial situation is very bad, with the currency depreciated almost to the vanishing point by the enormous issues of the past year."—all over Europe, this thing that is harming Russia—in Poland conditions are deplorable. There is no socialism on the surface in Poland (Applause). What is the trouble with Europe? Why she has just spent twenty-five millions of wealth on a grand jamboree called the World War, and she has not come through the result. She has not come through the after effects. Europe is suffering a war, not socialism. Russia has had six years of war, and she is suffering a war like the rest of Europe. Give Russia and the other socialist countries of Europe—well, be generous with them—give them twenty years. You remember how long it took us to come out of our four years of civil war? Give Russia twenty years and the other countries of Europe twenty years before passing final judgment (Great applause).

Really, however, the issue between Professor Seligman and myself is very simple. He don't think the people can handle their own economic affairs, and I do (Laughter). Back in 1776 they told the American people that they could not handle their own political affairs, and the American people went ahead and tried it anyway (Laughter). Well, they have not done a one hundred per cent. job (Hearty laughter). But then, on the whole, the result has been better than if we had let George III and his descnedants do the job for us (Applause). I don't mean that the workers anywhere in the world can do a one hundred per cent. job in handling their economic lives, but I do mean this, that people learn by trying. That is the great thing about the Russian revolution. You look at the failures of Russia, but you don't go into a laboratory where chemists are working and say, "Show me your latest failure." (Laughter) I could take any newspaper man in the hall into the Edison laboratory down here to Orange, and I could show him enough failures to write a full page story that would show the Edison laboratory up as the worst calamity in New Jersey (Laughter and applause). It is not because people fail. It is because they don't try. That is the trouble with the people of America. What was it that we admired about our ancestors? Was it because they succeeded? No, because they had the nerve to stand up and try for themselves (Great applause). And that is what we admire today about the people of Russia. Of all the people of Europe, when this catastrophe struck them, they struggled out from under it, got on their feet a little bit and started out to try for themselves. Now, that is an example that has thrilled the world. This doesn't have to succeed. They don't have to make good a single one of their endeavors. Just to have tried when everybody else was failing—that was something (Applause). And that is what Russia did. She tried. And that is what I want to see the workers of the United States do. I want to see them try (Great applause). Professor Seligman thinks we can tinker up the old machine (Hearty laughter). I believe that no house divided against itself can stand. Where you get a country split, as our country is split, between men who live without working, on the labor of others, and great masses who labor when they get a chance and get only part of the product of their work, when you get that kind of a fundamental economic division you have begun

to build classes and that country will never again be at peace until that economic division is ironed out. There are two things before us: one to be a plutocracy where wealth rules absolutely, and where men and women are stepped on like the dirt of the street; and the other is to set up self-government economic life where men and women handle their own economic affairs just as now they try to handle their own political affairs. Professor Seligman wants to see the plutocracy progress a little further. I'd like to see a bit of the socialism showing its head here and there now (Prolonged applause).

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